

Summary of Government Response to Recommendations of Clothing and Personal Equipment Reviews

Review of the Policy Framework for Clothing Procurement (the Lewincamp Review)

Recommendations and Findings	Government Response
1. After major changes to the Clothing SPO management and business processes following the implementation of the 2006 Harding Report recommendations, SPO staff understand their business and work diligently, properly and effectively to do their job	Noted
2. The Minister's decision in February 2010, not to proceed with the Restricted Tender contract option to source the combat uniform fabric from China, was made because of uncertainty about three issues – the reliability of the tender evaluation process, the appropriate interpretation and application of the Priority Industry Capability (PIC) policy, and the uncertain impact of the option on Australian industry.	Noted
3. The Minister's intervention does not imply necessarily that the wrong decision was made originally by the Clothing SPO - rather, there was insufficient evidentiary basis for it. It is still an open question as to whether the Chinese-sourced fabric would have been compliant, on schedule and on cost, and therefore best value for money.	Noted
4. There is a need to clarify the policy framework and its application to combat clothing, in order both to inform industry and to assist those officials required to make rigorous and complex procurement decisions based on it.	Noted
5. There are no significant conflicts or inconsistencies in the policy framework applying to the procurement of combat clothing and personal equipment. Rather, there are various major principles which need to be considered and reconciled, in terms of their relative importance and priority, in their application to different procurements.	Noted
6. There is one principal source of ambiguity or uncertainty related to the policy framework – namely the Priority Industry Capability and its specific application to combat clothing and personal equipment	Noted
7. A revised definition of the PICs should be adopted, in the following terms: <ul style="list-style-type: none"> • "PICs are those industry capabilities that confer such a strategic advantage by being available within Australia that their absence would undermine significantly defence self-reliance and Australian Defence Force operational capability". 	Further consultation required
8. A revised definition of the Combat Clothing and Personal Equipment PIC should be adopted, in the following terms: <ul style="list-style-type: none"> • "This is the capability to undertake further technical development and subsequent manufacture of clothing and personal equipment, to enhance the protection and survivability of ADF personnel in combat. It applies particularly to leading-edge technical developments which Australia is concerned to protect. It does not require combat clothing and personal equipment to be 	Not agreed

manufactured solely or even principally in Australia, and does not apply to clothing or personal equipment worn outside combat”.	
9. Strategic Policy Division should develop, for consideration by Government, a clear basis and criteria for assessing the relative priority of the PICs and, therefore, the relative priority of any proposals for government intervention in the market.	Agreed
10. In terms of the priority between the PICs [both in relation to the capabilities which confer the greatest strategic advantage by being available in Australia and in relation to any additional costs or premiums to be paid for that local capability], the PIC for combat clothing and personal equipment itself does not appear to be a high priority, compared to some other PICs, and, within the PIC, personal equipment appears to be a higher priority than combat clothing.	Noted
11. There are currently no intellectual property, unique technologies or unique industrial capabilities in the manufacture of the existing fabric for the combat uniform, and there are no compelling grounds currently under the Priority Industry Capability to limit the manufacture of the existing fabric solely to Australia	Noted
12. In relation to the combat uniform jacket and trousers, the Combat Clothing and Personal Equipment PIC appears to have relevance only to the ongoing development of the fabric used – and the case for the retention within Australia of that capability rests on the prospects of sufficiently significant technological enhancements.	Noted
13. Further work should be undertaken, in consultation with DSTO, to assess the potential for successful further development of the combat clothing – and, in particular, the relative potential and priority for further technical development of both the fabric and the combat uniform itself (jacket and trousers) compared to that for other items worn or carried in combat, such as combat protective equipment.	Agreed
14. Strategic Policy Division should develop, for consideration by Government, advice on those specific countries whose industry capabilities might also support Australian defence capability identified in the PICs.	Agreed
15. Industry Division should undertake further research into the dynamics of the clothing market and industry, particularly its specialised components, and the likely trends in industry structure, vertical integration and market concentration. This will provide a better understanding of the relative weight and influence of Defence in the market, and the degree of reliance by both fabric and garment manufacturers in Australia on Defence as a customer for the viability of their entire business or specialised parts of it. This will inform future Government consideration of any possible PIC-based interventions in the market.	Agreed
16. The Clothing SPO should develop, and maintain, a comprehensive picture of the sourcing of Australian combat clothing and personal equipment, including the raw materials, refined materials and finished products	Agreed
17. The Clothing SPO, in consultation with Industry Division, should	Agreed

develop a more detailed understanding of the practices of other countries in relation to the procurement of combat clothing and personal equipment.	
18. An agreed and consistent terminology should be developed for the different elements of combat clothing, with the combat uniform defined more carefully, in two ways – firstly, to distinguish between the combat jacket and trousers and other items worn or carried in combat (such as footwear, headwear, outerwear, protective equipment and personal equipment); and, secondly, to distinguish between the uniform worn in combat and the uniform worn outside combat	Agreed
19. Army should expedite its work on refining its future uniform requirements, particularly in relation to the appropriate uniform to wear in different functions and locations and to the development of a new mid-point camouflage uniform, to inform the forthcoming Open Tender, and ensure that the requirements for signature reduction are applied consistently to different items of clothing and personal equipment.	Agreed
20. In conjunction with the Army review of its requirements and the Air Force investigation of a DP uniform for its personnel, the Clothing SPO should investigate the costs of different uniform options, so that the Army and Air Force decisions are informed by a full understanding of the resource impact and the potential for resource savings	Agreed
21. The Clothing SPO should develop enhanced information on the past performance of the TCF industry sector in compliance with standards and quality requirements. The SPO should also investigate further the industry suggestion that there be an accreditation or pre-tender registration process for companies with a proven track record and capacity to meet specific requirements. This should operate on a panel basis, with companies able to seek and gain a renewable compliance certificate, and thereby avoid inclusion of extensive documentation on these compliance areas in each tender response they make. This compliance would be subject to agreed conditions, such as audit and random testing by DMO.	Agreed
22. The broad principles of the DMO Assurance Processes are: (1) Assurance relates not only to the quality of the product but also broader workforce, social, ethical and environmental responsibilities. (2) The cost of assurance should be broadly commensurate with the value of the product and the likelihood and significance or impact of any shortcomings in compliance. (3) The stringency of the assurance processes used should be proportionate to the assessed risk [likelihood and significance] of shortcomings in compliance. (4) There should be cascading, complementary and mutually-supporting responsibilities for assurance. The first and principal responsibility for assurance rests with the supplier – DMO's assurance processes should complement and validate those of the supplier. Within DMO, enterprise-wide assurance processes should be complemented by SPO processes. DMO must either retain the capacity to be a well-informed buyer or customer [the preferred option], with an in-house capability to undertake assurance activities; or buy in such independent services from the market	Noted

<p>23. The following are the key elements or parameters of a comprehensive assurance process:</p> <ol style="list-style-type: none"> (1) Careful identification and promulgation of the product sought. (2) Inclusion in the tender requirements of the assurance processes required [both about the product and about the company, its manufacturing processes and its financial situation]; and the right of DMO to investigate and audit those processes, and the means by which DMO will exercise that right. (3) Rigour in the selection of the preferred tenderer. (4) Careful translation of the tender requirements into the contract documentation – including any warranties or guarantees, testing program, or quality plans. (5) Appropriate accreditation, registration and certification of suppliers, with domestic and international bodies and standards. (6) Effective QA and audit processes, both by the company and by DMO [or its agent], involving the testing of the product, the manufacturing facilities and the company itself. (7) Careful contract management, to ensure maintenance of performance to specification and within tolerances and ongoing compliance with relevant contract requirements and standards. (8) Maintenance of records of supplier performance, including on assurance and quality management. 	<p>Noted</p>
<p>24. DMO General Manager Commercial should review the policy and advice on intellectual property contained within the DPPM, including the relevant clauses in the tender and contract documentation, to ensure that they are sufficiently clear and rigorous to protect Defence's position.</p>	<p>Agreed</p>
<p>25. Further advice should be sought, from technical experts, on the technical and practical feasibility of formally qualifying the general export control on signature suppression. Experts should advise whether it is possible to identify a certain technical level of signature suppression in a uniform fabric above which export should be controlled and below which export would be allowed.</p>	<p>Agreed</p>
<p>26. Subject to that technical advice, Defence, through the Defence Exports Control Office, should seek international support for an amendment to the control on signature suppression equipment and material.</p>	<p>Agreed</p>
<p>27. Within broader advice provided by the Defence Exports Control Office, DMO should provide clear and helpful advice to companies on export control issues, including a general warning about export permits in any tender, contract or other documentation which involves products which are or might be subject to the DSGL. This should apply particularly to any materiel or other GFM provided to companies</p>	<p>Agreed</p>
<p>28. The Clothing SPO, in consultation with Commercial Policy and Practice Directorate within the Office of Special Counsel, should identify additional ways to inform industry about the major principles and processes followed in making procurement decisions, including greater detail on the processes and criteria to be used in selecting a preferred tenderer; and to provide more detailed de-briefings to unsuccessful tenderers</p>	<p>Agreed</p>
<p>29. The forthcoming Open Tender for the supply of disruptive pattern uniforms should seek supply options unconstrained by country of</p>	<p>Not agreed</p>

<p>manufacture of fabric or garment. But it should also require each tenderer to submit an option for the manufacture of both the fabric and the garment in Australia, to allow the evaluation of the tender responses to assess fully the Australian industry and strategic implications of the options over the full life of the contract. The tender evaluation will be informed by:</p> <ul style="list-style-type: none"> • the dynamics and state of the TCF industry • any development work, and associated IP or technology, on the combat uniform • the relative costs of different fabric and garment options • the detailed uniform requirements of the three Services • the nature and volume of work for, and its potential impact on the viability of, industry • policy advice on the relative priority of the PICs, competing proposals for intervention in the market and SRP savings proposals 	
<p>30. DMO should begin a broad campaign to inform the media and the public about the overall approach to procurement of combat clothing and personal equipment, with its relative priority within the PIC program; the numerous sources for raw materials, refined materials and finished products; relevant international comparisons; and the importance of value for money considerations in delivering the most effective defence force possible within a constrained budget. The objective of that campaign is to ensure that future decisions on the sourcing of combat clothing and personal equipment can be made, and sustained, in a less politically-charged environment.</p>	<p>Agreed</p>
<p>31. Based on the lessons learned from the tender evaluation process for the Restricted Disruptive Pattern Combat Uniform Tender, DMO [Commercial Policy and Practice Directorate within the Office of Special Counsel] should develop additional advice on the assessment of risk and value for money over the whole life of the contract for inclusion in the Defence Procurement and Policy Manual.</p>	<p>Agreed</p>

Review of the Reporting of defects with ADF Personal Equipment and Combat Uniforms (The Whalan Review)

Recommendations	Government Response
The Defence Clothing Governance Executive needs to meet quarterly. It should also take a more active role in setting priorities and driving change in Defence Combat Clothing and Personal Equipment.	Agreed
An overarching Memorandum of Understanding in respect of Combat Clothing and Personal Equipment should be established between Army, DMO and DSTO. New Memoranda of Understanding should be established between Army and Air Force and Army and Navy.	Agreed
The benefits of the RODUM system should be actively promoted in Army, Navy and Air Force through the chain of command.	Agreed
Responsibility for the underlying ICT infrastructure of the RODUM system should be transitioned to Chief Information Officer Group and upgraded. A minor project should be established within DMO on behalf of Army to replace the current application with a tailored Commercial-Off-The-Shelf solution that improves the ease of use, functionality and system access.	Agreed
Land Systems Division should provide Unit Contacts with regular reports on RODUM progress and confirm that a response has been received before a RODUM is closed.	Agreed
DMO and Army should improve the information available to ADF members and industry on Combat Clothing and Personal Equipment. Their initiatives out to include establishing an internal Network of Key Partners, regular visits to meet with ADF members, prominent publishing of information on future plans through Service Newspapers and an improved tri-service Intranet presence.	Agreed
The RODUM system should clearly remind users that any information submitted must be classified no higher than Restricted. Other means ought to be used to submit concerns with a higher security classification.	Agreed
Army and DMO should improve the training provided on the RODUM system possibly supported by a new E-Learning package on the Defence Training Tool. Air Force and Navy should consider whether additional training on the RODUM system would improve the quality of feedback on Combat Clothing and Personal Equipment.	Agreed
Army should ensure that each unit has a trained RODUM Releasing Officer, who is in the chain of command.	Agreed
Army should ensure sufficient resources are allocated to providing user capability specifications and to assessing, prioritising and responding to suggestions to enhance Combat Clothing and Personal Equipment. Army should consider whether there is merit in delegating this responsibility to nominated centres of excellence outside Army Headquarters.	Agreed

Army and Land Systems Division should review and update the procedures for Enhancement RODUMs. These should be supported by additional staff training.	Agreed
Defence should increase personal choice from a range of suppliers for selected, pre-qualified items of Personal Equipment.	Agreed
Defence should investigate how they can increase the capacity of the Design Acceptance Authority for Combat Clothing and Personal Equipment by delegating some of this work to qualified contractors that are independent of the suppliers.	Agreed
Defence needs to rely on more than negative feedback (the RODUM system) as the basis for improving Combat Clothing and Personal Equipment. Positive information from users should also be collected, analysed and shared.	Agreed
Land Systems Division should develop and introduce an Industry Engagement Strategy. This Strategy should enable the two-way flow of information on Combat Clothing and Personal Equipment between Defence and industry to support innovation and product enhancement.	Agreed
Army, DMO and DSTO should establish and invest in a joint approach to testing, evaluating and improving Combat Clothing and Personal Equipment. This approach needs to capture the experience of ADF members who have recently returned from deployment.	Agreed
DMO should investigate more agile project management and contracting mechanisms for the supply of Combat Clothing and Personal Equipment.	Agreed
Defence should modernise the Supply Chain for Combat Clothing and Personal Equipment to provide a leaner and more responsive solution that improves the customer experience for ADF members.	Agreed